

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6468

BILL NUMBER: SB 171

NOTE PREPARED: May 7, 2007

BILL AMENDED: Apr 27 2007

SUBJECT: Various Insurance Matters.

FIRST AUTHOR: Sen. Delph

FIRST SPONSOR: Rep. GiaQuinta

BILL STATUS: Enrolled

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that engaging in certain dishonest or predatory insurance practices in marketing or sales of insurance to members of the U.S. armed forces constitutes an unfair and deceptive act and practice in the business of insurance. The bill allows the insurance commissioner to adopt rules to define and protect members of the U.S. armed forces from dishonest or predatory insurance practices. It makes the law concerning annuity purchase or exchange recommendations made to senior consumers apply to all consumers and requires the Department of Insurance (DOI) to adopt rules to implement the law.

Effective Date: January 1, 2008.

Explanation of State Expenditures: The bill adds certain practices regarding annuity recommendations to consumers and marketing or sales of insurance to members of the U.S. armed forces as unfair and deceptive acts. The DOI is allowed to adopt rules to provide for these unfair and deceptive acts and practices of insurance.

The above provisions could add additional administrative expenses to the DOI. However, the DOI should be able to implement these provisions within their existing budget levels.

Explanation of State Revenues: As a result of a hearing, violators may be ordered to cease and desist from an unfair or deceptive act or practice, and the DOI Commissioner may order the payment of a civil penalty of not more than \$25,000 for each act or violation. If the person knew or reasonably should have known that he or she was in violation, the penalty may be not more than \$50,000 for each act or violation. All civil penalties imposed and collected are deposited in the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected:

Information Sources: Jim Atterholt, Commissioner, DOI, 317-232-3520; Barb Lohman, Controller, DOI, 317-232-2405..

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